

Common Sense Health Coverage
for Uninsured Tennesseans

TennCare was once a partial solution for the uninsured

- ☐ Majority of uninsured were never on TennCare
- ☐ Program is mired in multiple federal lawsuits
- ☐ TennCare was bankrupting the state

New approach to helping the uninsured is needed

- ☐ Need options for the hundreds of thousands of uninsured that never would have qualified for coverage
- ☐ Number of uninsured had increased since 1994; our plan to assist them has not changed in more than a decade
- ☐ The largest portion of uninsured adults worked more than 40 hours a week and hold only one job.
- ☐ Fewer employers can afford to offer health coverage
- ☐ A new, affordable, common sense approach is needed

Who are the uninsured?

- ❑ A statewide study of the uninsured*:
 - **53%** of Tennessee's working uninsured work for a company of fewer than 25 employees
 - **58%** of uninsured have family incomes below \$30,000
 - **83%** of working uninsured are in permanent, full-time positions
 - **80%** of respondents do not buy health insurance because they cannot afford it
 - Other research indicates neither employers nor employees want to pay more than \$100 per month
- ❑ March 2006 US Census Data**:
 - 833,114 uninsured Tennesseans
 - 705,441 adults
 - 127,673 children under age 18

* TN Dept. of Commerce and Insurance study 12/05

** American Community Survey, data as of March 2006, http://pubdb3.census.gov/macro/032006/health/h05_000.htm

Governor Bredesen's key themes for CoverTennessee

☐ Accessibility

- State creates a partnership to bring health coverage costs within reach
- Make affordable coverage options available to children, chronically ill and working Tennesseans

☐ Effectiveness

- Pay for basic care first: preventive care, primary care, generic drugs
- Pay for what works: pay for best practices, disease management

☐ Personal Responsibility

- Everyone should pay something
- Individuals should be responsible for their health care decisions

Five Components

- ❑ Three Insurance Plans
 - **CoverKids** – comprehensive coverage
 - **AccessTN** – comprehensive coverage
 - **CoverTN** – basic health coverage
- ❑ Pharmacy Assistance for the Uninsured
 - **CoverRx**
- ❑ Prevention, Healthy Lifestyles, and Personal Responsibility
 - **ProjectDiabetes** and **Coordinated School Health**

The 3 insurance programs and CoverRx will be available in early 2007.
Project Diabetes and Coordinated School Health programs are underway



Creates a partnership between state and federal government to offer health insurance to uninsured children in Tennessee

- ☐ **Comprehensive health coverage** – benefits modeled after the state employee health plan
- ☐ **Independent from TennCare**
- ☐ **Emphasis on wellness and prevention**; coverage to emphasize immunizations, well-child exams
- ☐ **Maximizes federal funding**
(\$3 to \$1 federal match vs. \$2 for \$1 match in TennCare)
- ☐ **49 other states** operate State Children's Health Insurance Plan (SCHIP)



Eligibility:

- ☐ Children **18 and under**
- ☐ Household **income up to 250%** of federal poverty level (FPL)
 - Buy in available for applicants over 250% FPL
- ☐ **US Citizen** or qualified legal alien
- ☐ **Tennessee resident**
- ☐ **“Go Bare”** (without health coverage): 3 months
 - Waived for newborns up to 4 months of age
- ☐ **Maternity coverage** available for pregnant women
- ☐ **Screened first for TennCare eligibility** or access to other state-sponsored health insurance



Timeline:

- ❑ **September, 2006:** Sent Tennessee plan to CMS for federal approval
 - CMS has up to 90 days to approve
- ❑ **November, 2006:** Issued RFP for Plan Administrator
- ❑ **Last quarter, 2006:** Award Contract
- ❑ **Last quarter, 2006:** Begin Enrollment
- ❑ **First quarter, 2007:** Coverage begins

** Timeline assumes federal approval by January, 2007*



Provides health insurance option for seriously ill adults who can afford health coverage, but have previously been turned down by insurance companies as uninsurable

- ☐ **Comprehensive** health coverage
 - Benefits modeled after the state employee health plan
- ☐ **Guaranteed issue** health insurance
 - No one will be denied coverage because they have a pre-existing medical condition
- ☐ High-risk pool; **33 states** currently operate similar pools



Eligibility

- ☐ No income determination, no asset test
- ☐ US citizen
- ☐ Tennessee resident (6 months)
- ☐ Age 19 and over
- ☐ Uninsurable by medical or insurance determination
- ☐ “Go Bare” (without health coverage): 6 months
- ☐ No access to insurance at time of application
- ☐ Exhausted continuation coverage (including COBRA)

Operational rules for these criteria are still in development



Special enrollment for those removed from TennCare

- ☐ During the first 60 days after program launch, TennCare disenrollees who have secured HIPAA coverage will not have to go without insurance for six months to qualify
 - All other applicants must meet this requirement
 - Capacity for 6,000 participants in AccessTN*
- ☐ Special enrollment period is not available to individuals removed from the program for reasons other than eligibility reform

** Set by AccessTN Board of Directors based on current fiscal projections.*



Benefits

- ☐ Comprehensive coverage
 - Modeled on state employee health plan
 - Maternity rider available
- ☐ 3 plan options
 - \$1000 deductible
 - \$2500 deductible – HSA eligible
 - \$5000 deductible
- ☐ 6 month pre-existing condition waiting period
 - No wait for preventative care, pharmacy, or outpatient therapy



Cost

- ❑ Premiums capped at 1.5 to 2 times standard market rates
 - HIPAA policies typically run 4 to 5 times standard rates
- ❑ Monthly premiums vary for age, tobacco use and obesity status, and depend on which coverage plan is selected
 - Premiums range from \$270 to \$1160 per month
- ❑ \$13 million in premium assistance available for low income plan participants
 - Most generous premium assistance funding program in the nation
- ❑ Combination of funding sources
 - Premiums cover 60% of the projected costs to insure an individual
 - State subsidy and an assessment on the insurance industry cover the balance

For Uninsurable Adults



Premiums

Plan 1000: \$1000 deductible				
	Target Weight & Below		Above Target Weight	
	Non Tobacco User	Tobacco User	Non-Tobacco User	Tobacco User
Under Age 30	\$ 387	\$ 445	\$ 430	\$ 494
30-39	\$ 450	\$ 517	\$ 500	\$ 574
40-49	\$ 546	\$ 628	\$ 607	\$ 698
50-59	\$ 649	\$ 747	\$ 722	\$ 830
60-64	\$ 766	\$ 881	\$ 851	\$ 979
65+	\$ 904	\$ 1,040	\$ 1,005	\$ 1,156

For Uninsurable Adults



Premiums

Plan 2500: \$2500 deductible (HSA Eligible)				
	Target Weight& Below		Above Target Weight	
	Non Tobacco User	Tobacco User	Non-Tobacco User	Tobacco User
Under Age 30	\$ 318	\$ 366	\$ 353	\$ 406
30-39	\$ 369	\$ 425	\$ 410	\$ 472
40-49	\$ 449	\$ 516	\$ 498	\$ 573
50-59	\$ 534	\$ 614	\$ 593	\$ 682
60-64	\$ 630	\$ 724	\$ 699	\$ 804
65+	\$ 743	\$ 855	\$ 826	\$ 950

For Uninsurable Adults



Premiums

Plan 5000: \$5000 deductible				
	Target Weight & Below		Above Target Weight	
	Non Tobacco User	Tobacco User	Non-Tobacco User	Tobacco User
Under Age 30	\$ 273	\$ 313	\$ 303	\$ 348
30-39	\$ 317	\$ 364	\$ 352	\$ 404
40-49	\$ 384	\$ 442	\$ 427	\$ 491
50-59	\$ 457	\$ 526	\$ 508	\$ 584
60-64	\$ 539	\$ 620	\$ 599	\$ 689
65+	\$ 637	\$ 732	\$ 708	\$ 814



Timeline

- ❑ **September, 2006:** Board of Directors named
 - Oversees the design and administration of the program
- ❑ **November, 2006:** Issued RFP to secure plan administrator
 - Plan administrator is the insurance company selected to run the plan
- ❑ **December, 2006:** Award Contract to plan administrator
- ❑ **First quarter, 2007:** Enrollment and coverage begins



Creates a partnership between the state, small employers and individuals to offer affordable, portable, basic health benefits for working Tennesseans who are uninsured

❑ Key Principles:

- **Affordable** healthcare coverage
- **Portable**
- **Basic** health benefits



☐ **Affordable** healthcare coverage

- Reduced premiums shared equally by the employer, individual and state
- Individual's monthly premium share will range between \$34 and \$99
- Premiums vary depending on age, tobacco use, and obesity
- No deductibles; reasonable co-pays capped at:
 - \$25 for doctor and outpatient hospital visits
 - \$10 for prescription drugs
 - \$100 for emergency room visit

☐ **Portable**

- Owned by the individual
- Individual can keep coverage even if they leave an employer
- Provides continued coverage during brief periods of unemployment



❑ **Basic** health benefits

- Focus on first dollar coverage (no deductible) for preventive and primary care
- Provide most needed services to those who have no coverage today
- Cost containment through service limits rather than excluding services (except maternity; available through CoverKids)
- Services that must be offered in any CoverTN plan include:
 - Physician services
 - Hospital services
 - Generic pharmacy coverage
 - Outpatient services
 - Lab services
 - Mental Health services



Start small and grow over time

- ❑ At launch, CoverTN will target small businesses and their employees
 - These employers will commit to:
 - Paying 1/3 premium
 - Offering plan to all employees
 - Provides mechanism for payroll deductions for premium collection
- ❑ In phase two, expanded eligibility
 - Employers of up to 50 full time equivalent employees
 - Individuals working for non-participating employers



Employer eligibility requirements

- ☐ Located in Tennessee
- ☐ 25 or fewer full-time employees or equivalent;
also includes self-employed
- ☐ 50% of employees earn \$41,000 or less
- ☐ Business offers the plan to all employees
- ☐ Business has not offered employer-sponsored insurance for 6 months, or
if offered, employer has not paid 50% or more of employee premiums



Employee eligibility requirements

- ☐ Tennessee resident (6 months)
- ☐ Works at least 20 hours per week, on average
- ☐ US citizen or qualified alien
- ☐ Did not voluntarily stop health insurance in the last six months
- ☐ Commits to pay 1/3 premium
- ☐ Spousal coverage is also available
 - Employer option to contribute 1/3 of the spousal premium

Employer Pre-qualification



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Sign Up for Update Information

To receive periodic updates about the development of Cover Tennessee programs, citizens can sign up for the Cover Tennessee e-mail list or call 1-888-CoverTN.

Preliminary Qualification Form

Employer Information:

Company Name:

Company Address:

City:

TN Employer number from quarterly SUTA form:

FEIN:

Company Contact Person:

First Name:

Middle Initial:

Last Name:

Title of Contact Person:

Contact's Phone:

Contact's Fax:

Contact's Email:

Health Insurance

Is your Company located in Tennessee?

Do you have fewer than 25 full-time equivalent employees?

Do half of your employees earn below \$41,000.00 per year?

Have you offered health insurance in the last six months?

If so, did you pay less than 50% of the

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Cover Tennessee
Department of Finance
Tennessee State Capitol
Nashville, TN 37243-0001
(615) 741-2401

Preliminary Qualification Form

Employer Information:

Company Name:

Company Address:

City: State: Zip:

TN Employer number from quarterly SUTA form:

FEIN:

Company Contact Person:

First Name:

Middle Initial:

Last Name:

Employer Pre-qualification

A screenshot of the COVER TN website. The header includes the Tennessee state logo and the text "TENNESSEE.GOV The Official Web Site of the State of Tennessee". Below this is the "COVER TN" logo and navigation links: "Email Sign Up", "Contact Us", and "Newsroom". The left sidebar contains a "Sign Up for Update Information" button and a list of links: "Preliminary", "Employer", "Company", "Company", "City", "TN Employer", "FIRM", "Company", "First Name", "Middle Initial", "Last Name", "Title of Company", "Contact's Name", "Contact's Name", "Contact's Name", "Health Insurance", "Is your Company", "Do you have", "Do half of", "Have you". The main content area is titled "Health Insurance" and contains four questions with radio button options for "Yes" and "No". A "Submit" button is located at the bottom right of the form area. The footer of the page reads "Tennessee.gov Home | Search Tennessee.gov".

Health Insurance

Is your Company located in Tennessee?

☐ Yes ☐ No

Do you have fewer than 25 full-time equivalent employees?

☐ Yes ☐ No

Do half of your employees earn below \$41,000.00 per year?

☐ Yes ☐ No

Have you offered health insurance in the last six months?

☐ Yes ☐ No

If so, did you pay less than 50% of the employee premium?

☐ Yes ☐ No

Submit



- ❑ Two insurance companies will offer CoverTN coverage
 - Carriers will compete for participants
 - Participants select carrier of their choice

- ❑ Strong interest from established carriers to compete for this business

For Small Business



Premiums

	TOTAL PREMIUM AMOUNTS					1/3 SHARE OF PREMIUM			
	Does Not Use Tobacco		Uses Tobacco			Does Not Use Tobacco		Uses Tobacco	
Age	Normal Weight	Obese	Normal Weight	Obese		Normal Weight	Obese	Normal Weight	Obese
Under 30	\$103	\$113	\$123	\$133		\$34.33	\$37.67	\$41.00	\$44.33
30-39	\$126	\$139	\$146	\$159		\$42.00	\$46.33	\$48.67	\$53.00
40-49	\$155	\$170	\$175	\$190		\$51.67	\$56.67	\$58.33	\$63.33
50-59	\$189	\$208	\$209	\$228		\$63.00	\$69.33	\$69.67	\$76.00
60-64	\$216	\$238	\$236	\$258		\$72.00	\$79.33	\$78.67	\$86.00
65+	\$253	\$278	\$273	\$298		\$84.33	\$92.67	\$91.00	\$99.33



Timeline

- ❑ **September, 2006:** Began pre-qualification of eligible employers
- ❑ **October, 2006:** Issued RFP to select plan administrator
 - Plan administrator is the insurance company selected to run the plan
- ❑ **January, 2007:** Award Contract (s)
- ❑ **First quarter, 2007:** Enrollment and coverage begins



Expands the state's successful Safety Net program for affordable medication to other low-income Tennesseans

☐ This is not insurance

- **Access to affordable medications** for Tennesseans without pharmacy coverage
- More than **200 generic drugs**, plus insulin and diabetic supplies
- Includes **mental health drugs**
- **Includes discount** for additional drugs not included in base formulary
- **No premium payment**; sliding scale co-payments based on income

☐ Eligibility:

- Tennessee resident (6 months)
- US citizen or qualified legal alien
- Age 19 to 64
- Household income below 250% FPL
- Cannot have access to pharmacy coverage



FPL and Co-pays

Persons in Family Unit	250% FPL
1	\$24,500
2	\$33,000
3	\$41,500
4	\$50,000
5	\$58,500
6	\$67,000

Co-Pay Structure			
	Below FPL	100% to 149% FPL	150% - 250% FPL
Generics	\$3	\$6	Lesser of \$10 or U & C
Brands	\$5	\$10	\$15
All other	Lesser of Discount, MAC or U & C		



Timeline:

- ☐ **September, 2006:** Issued RFP for Plan Administrator
- ☐ **October, 2006:** Contract awarded to Express Scripts
- ☐ **December, 2006:** Participants in Mental Health Safety Net auto-enrolled
- ☐ **January, 2007:** Open enrollment and participation begins

Project DIABETES

Launching a major public health effort to help Tennesseans improve their exercise and eating habits; focused on reducing the incidence of Type 2 Diabetes and obesity

- ☐ ProjectDiabetes
- ☐ Coordinated School Health

Diabetes is the only major disease with a death rate that is still rising – up 22 percent since 1990 – and it has emerged as the leading cause of kidney failure, blindness and non-traumatic amputation (*NY Times*, May 16, 2006)

Project *DIABETES*

- ❑ Awareness campaign layered with high impact programs
 - **GetFitTN** – Governor Bredesen recruits community leaders to drive community awareness and healthier lifestyle choices
 - **Healthy Teen Intervention** -- Clinical Trial with the National Institutes of Health (NIH)
 - Haywood County High School and Cookeville High School among the 8 schools chosen nationally by the NIH
 - Tennessee will be expanding the program to 10 additional schools
- ❑ Grants for Health Care Providers
 - \$6 million in grants will be distributed to providers for education, treatment and prevention initiatives focused on Type 2 Diabetes and obesity

Project *DIABETES*

Coordinated School Health (CSH)

- ❑ Successful pilot program has led Tennessee to be the first state to fund CSH statewide expansion
 - **School-based program creating communitywide change focused on Type 2 Diabetes**
 - Designed to empower kids to make healthier lifestyle choices related to exercise, diet and behavior
 - Engages parents, school personnel and the wider community in creating a healthier environment and culture
 - Works in conjunction with mandatory physical education and other initiatives for healthier schools

Funding Summary

Initiative	State Funding			
	FY07	FY08	FY09	Three Year Total
CoverKids	\$7M	\$21.2M	\$35M	\$63.2M
AccessTN*	\$3.8M (program cost) \$13M (premium assistance)	\$10M \$13M	\$10M \$13M	\$23.8M \$39M
CoverTN	\$34M	\$34M	\$57M	\$125M
CoverRx**	\$11.5M	\$16.8M	\$16.8M	\$45.1M
ProjectDiabetes	\$7M	\$7M	\$7M	\$21M
Coordinated School Health	\$8M	\$15.9M	\$15.9M	\$39.8M
Totals	\$84.3M	\$117.9M	\$154.7M	\$356.9M

*Additional \$ 25M non-recurring in reserve for AccessTN HIFA waiver. Additional \$ 10M non-recurring in reserve for AccessTN program costs.

**Additional \$ 11.5M in FY07 for close out of existing pharmacy safety net program while new program is procured.

- ☐ **More than 800,000 uninsured Tennesseans will have an option for affordable, portable health insurance**
- ☐ **Creates health insurance options without creating entitlement programs**
- ☐ **Provides badly needed health insurance options for small businesses and their employees**
- ☐ **Promotes prevention and personal responsibility**

For More Information



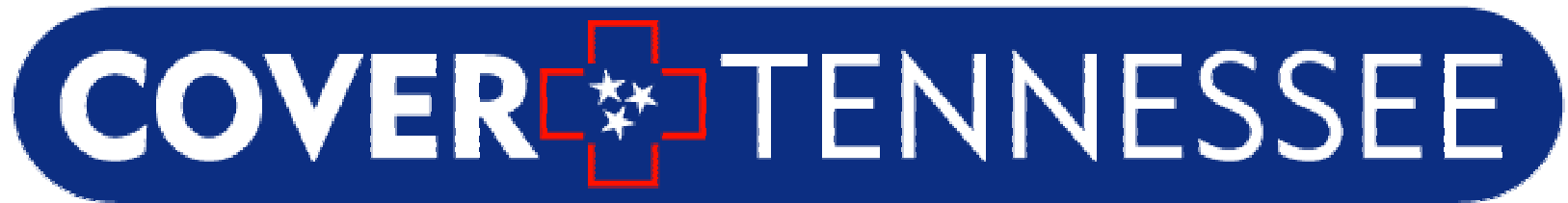
All products will be up and running in early 2007.

Call or login to sign up for updates to receive more information as it becomes available.

1-866-COVERTN

or

www.CoverTN.gov



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